

California Department of Corrections Financial Information Memo

SUBJECT:

**MONITORING AND CERTIFICATION OF
FUNDING AVAILABILITY FOR ORDERS**

FIM NUMBER:

2004-16

Replaces FIM 03-07

REFERENCES:

Government Code Section 13324,
Section 32.00 of the annual Budget Act,
California Victim Compensation and
Government Claims Board Rule 614,
State Administrative Manual Section 8340,
Budget Letters 04-18. 03-19
May 18, 2003 Director's memo, *MARCH 2003
MONTHLY BUDGET PLAN REDUCTIONS –
IMPACT ON DEPARTMENTAL DEFICIENCY*

DATE: November 30, 2004

DISTRIBUTION

Executive Staff
Regional Administrators-Institutions Division
Regional Parole Administrators
Regional Administrators-Health Care Services Division
Wardens
Health Care Managers

PURPOSE

The purpose of this Financial Information Memo (FIM) is to clarify the responsibility for monitoring and certification of fund availability for orders for fiscal year 2004/2005 and future fiscal years. This FIM shall replace FIM 03-07.

BACKGROUND

The May 18, 2003 Director's memo, *MARCH 2003 MONTHLY BUDGET PLAN REDUCTIONS – IMPACT ON DEPARTMENTAL DEFICIENCY*, requires that the Regional Accounting Offices (RAOs) will be responsible for signing all institution orders, and Headquarters Accounting Services Section (HASS) will be responsible for signing all Parole and Community Services Division (P&CSD) and central office orders. The process will continue to ensure that all purchases are monitored closely in our ongoing effort to maintain fiscal responsibility.

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While the Financial Services Division maintains the responsibility to develop and issue allotments (spending plans) for the institutions and divisions, the respective Hiring Authority (i.e., Deputy Director, Assistant Director, Regional Administrator, Warden, or Health Care Manager) maintains the responsibility to operate their organization within those allotments.

As a reminder, Section 32.00 of the annual Budget Act, California Victim Compensation and Government Claims Board Rule 614, and Government Code Section 13324 forbid making any expenditure that is not authorized, without advance written approval of the Department of Finance (Finance). Agencies Secretaries/Department Directors must explain, in detail, why advance notice was not made and can be held personally liable for the amount of such unlawful indebtedness/expenditures.

Additionally, Budget Letter 04-18 states “The deficiency process for the 2004-05 Budget has been significantly revised... Agency Secretaries/Department Directors can be held personally liable for the amount of such unlawful indebtedness/expenditures.” Budget Letter 03-19 states “Each Department Director is responsible for keeping the department’s budget in balance... Finance will not approve any deficiency requests for state operations, except for extraordinary, unplanned events. Shortfalls caused by poor planning will not be considered at all.”

DISCUSSION

Based upon this information, while accounting offices will maintain the requirement to sign all orders prior to their being sent to the vendors, they will no longer be required to review all encumbrances against available allotments and return unsigned any encumbrance that exceeds the available allotment balance. This is now clearly the responsibility of the respective Hiring Authority.

ACTION REQUIRED

In an effort to accurately monitor the Department’s fiscal status, all purchasing documents are to be submitted in their entirety to the accounting offices for review/encumbrance. Accounting offices shall expeditiously review the orders for correct funding (index, object and PCA), encumber the funds and return the document. Accounting offices shall discuss funding and questionable orders with the institution/division before any changes are made. Questionable orders shall be brought to the attention of the Deputy Director, Financial Services Division via the Accounting Administrator III’s. When computer-generated orders are utilized in lieu of preprinted forms, **all** copies of the order along with carbon paper inserted between the copies must be submitted. Under **no** circumstances are orders to be sent to the vendors prior to receiving the signed copies back from the accounting offices.

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The respective Hiring Authority (i.e., Deputy Director, Assistant Director, Regional Administrator, Warden, or Health Care Manager) must certify on every purchase requisition (CDC 954, Interoffice Requisition-Local) or contract request that the goods or services are essential to maintaining departmental operations. Two copies are to be submitted with the order to accounting for verification of the certification of necessity prior to signing the order. If the Hiring Authority elects to delegate this responsibility, a written notification must be sent to the respective accounting office, and for headquarters, the Business Management Branch.

For electronic orders (Cal-Buy) accounting must be included in the approval process.

The RAOs will be responsible for signing institution orders, and HASS will be responsible for signing all P&CSD and central office orders. No exceptions will be granted.

Those given budget authority (Director, Deputy Director, Warden, Chief Medical Officer, Regional Parole Administrator, etc.) must take all necessary measures to manage within their given allotments, and to adequately document any emergencies that may arise that may require additional funds. Such documentation must be provided through the Budget Management Branch of the Financial Services Division to the Department of Finance to procure funding. Director, Deputy Directors, Wardens, Chief Medical Officers, Regional Parole Administrators, etc. will be held personally responsible for staying within budget.

If you have any questions concerning this memorandum, please contact your Accounting Administrator. The contact for HASS and P&CSD is William Dougherty, Accounting Management Branch, at (916) 324-6525 and for institutions, the contact is Timothy Gilpin, Regional Accounting – North, at (916) 323-3351.

ORIGINAL SIGNED BY:

DAVID LEWIS

Deputy Director (A)
Financial Services Division

cc: Associate Wardens, Business Services
Regional Accounting Administrators
Regional Accounting Offices
Accounting Management Branch
Business Management Branch